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HOUSE MAJORITY LEADER

STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES
HARTFORD, CONNECTICUT 06106-1591

Testimony in support of substitute language for House Bill 6880
March 3, 2015

Good Afternoon Senator Winfield, Representative Tercyak and members of the Labor and Public Employees Committee. My name is Representative Joe Aresimowicz from the 30th District serving Berlin and Southington. I am here today to submit substitute language for HB 6880- AN ACT CONCERNING LARGE CORPORATIONS RECEIVING STATE ASSISTANCE AND EXECUTIVE COMPENSATION.

Increased income inequality, particularly at the very top of the income distribution, has received enormous attention in the last few years. Just one percent of Americans own approximately 40 percent of the nation's wealth, which is perpetuated by income disparities. In the United States, compensation for chief executives soared 937 percent between 1978 and 2013, while the average worker's compensation climbed just 10 percent. CEOs at the top 350 firms in the country made nearly 296 times more than the average worker's earnings.

Connecticut is faced with a shrinking middle class and a growing number of families relying on state assistance to make ends meet. It is imperative that we do more to ensure companies value their employees' work and the success they help generate. The CEO-to-worker pay disparity isn't just a problem for companies, it is a problem for our economy as a whole. Average workers have not seen a wage increase that keeps pace with the rising cost of living, products or services in decades. Our parents' generation could raise a family on one full-time salary; our children and our children's children may never know that luxury.

Today, many families with two full-time working parents struggle to make ends meet, often having to make the tough decision between food or fuel. Not only does this require parents to spend less time at home with their families in search of part-time work, it strikes at the very heart of the American dream of prosperity. Decreasing the pay disparity would decrease reliance on social assistance programs and would increase the spending power of middle-class consumers, stimulating the economy. In order to encourage corporations to minimize wage disparity we must bring transparency to the ratio of CEO and worker pay. Businesses that utilize state assistance should not be permitted to perpetuate the ill effects of pay disparity with taxpayer dollars. Disclosure of CEO to employee salary ratios will give insight not only to shareholders but also to consumers. This encourages conscientious corporations who recognize the benefits of a well-paid workforce and the positive effects on our economy. We know there are businesses here in Connecticut that treat their employees fairly. By disclosing salary ratios it will distinguish between businesses that should be modeled in their treatment of workers and those that have room for improvement.

The attached substitute language states that if a business is receiving \$500,000 or more in state assistance they must disclose, to the distributing agency, the compensation of the most highly compensated senior executive and the salary ratio between such senior executive and the average annual compensation of the employer's employees. I am in full support of the submitted substitute language and urge you to adopt it.

Respectfully,

Joe Aresimowicz

